

**Town of Stoughton Other
Postemployment Benefits Plan**

GASB 45 Actuarial Valuation

as of

January 1, 2011

For the fiscal years ending

June 30, 2011

June 30, 2012

Delivered April 2012

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LETTER

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April 30, 2012

Personal and Confidential

Mr. William Rowe
Town Accountant
Town of Stoughton
10 Pearl Street
Stoughton, MA 02072

Dear Mr. Rowe:

We have performed an actuarial valuation of the Town of Stoughton Other Postemployment Benefits Plan for the fiscal year ending June 30, 2011. The figures presented in this report reflect the adoption, by the Town of Stoughton, of Statement No. 45 of the Governmental Accounting Standards Board ("GASB 45") effective July 1, 2008.

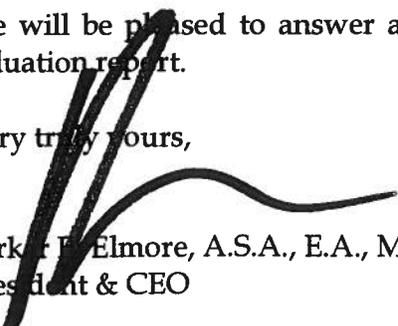
The financial results of the actuarial valuation are summarized in the report. The Executive Summaries highlight the results of the valuation. Additional information summarizing census data, actuarial assumptions, claim rates and the methodology for developing them, as well as a glossary of selected terms used in this study, is also included in the report.

All costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the plan and reasonable expectations and, in combination, represent our best estimate of the anticipated experience under the plan.

We refer you to Section I of this report for a detailed summary and commentary on the results of the valuation and a comparison with the prior valuation. Section II is a summary of the plan provisions, and Section III describes the actuarial cost method and assumptions. Details for cost calculations, supporting data, and disclosures are provided in Exhibits A through C.

We will be pleased to answer any questions that you may have regarding this actuarial valuation report.

Very truly yours,


Parker F. Elmore, A.S.A., E.A., M.A.A.A.
President & CEO

Enclosure

SECTION I

PRINCIPAL RESULTS OF THE VALUATION

**Town of Stoughton
Assuming Pay-as-you-go funding - 4.00% discount rate
Comparison of Plan Liabilities to Prior Valuation**

	<u>January 1, 2011</u>	<u>January 1, 2009</u>
I. Present Value of Future Benefits		
A. Actives	105,086,037	N/A
B. Retirees/Disabled	<u>49,326,264</u>	<u>N/A</u>
C. Total	154,412,301	N/A
II. Present Value of Future Normal Cost	31,729,288	N/A
III. Actuarial Accrued Liability (Projected Unit Credit)		
A. Actives	73,356,749	58,155,117
B. Retirees/Disabled	<u>49,326,264</u>	<u>59,193,459</u>
C. Total	122,683,013	117,348,576
IV. Plan Assets	0	0
V. Unfunded Actuarial Accrued Liability ("UAAL")	122,683,013	117,348,576
VI. Funded Ratio	0.00%	0.00%
VII. Annual Covered Payroll	N/A	N/A
VIII. UAAL as % of Covered Payroll	N/A	N/A
IX. Net OPEB Obligation	9,893,009	0
X. Number of Covered Participants		
A. Actives	571	587
B. Retirees/Disabled	<u>460</u>	<u>473</u>
C. Total	1,031	1,060
For the Fiscal Year Ending:	<u>June 30, 2011</u>	<u>June 30, 2009</u>
XI. Normal Cost	3,994,026	4,115,935
XII. Amortization of UAAL - 30 year increase 3.25% per yr	4,345,504	4,482,738
XIII. Annual Required Contribution ("ARC") [XI. + XII.]	8,339,530	8,598,673
XIV. Interest on Net OPEB Obligation	395,721	0
XV. Adjustment to Annual Required Contribution	(855,565)	0
XVI. Amortization of Actuarial (Gains) / Losses	369,532	0
XVII. Annual OPEB Cost [XIII. + XIV. + XV. + XVI.]	8,249,218	8,598,673
XVIII. Expected Employer Contribution	3,513,700	3,711,649
XIX. Percentage of Annual OPEB Cost Contributed	42.6%	43.2%
XX. Net OPEB Obligation at Beginning of Year (IX.)	9,893,009	0
XXI. Increase in Net OPEB Obligations (XVII. - XVIII.)	4,735,518	4,887,024
XXII. Net OPEB Obligation at End of Year (XX. + XXI.)	14,628,527	4,887,024
XXIII. Discount Rate	4.00%	4.25%

SECTION I

PRINCIPAL RESULTS OF THE VALUATION

(continued)

Town of Stoughton
Assuming Pay-as-you-go funding - 4.00% discount rate
Plan Liabilities as of January 1, 2011

	<u>Medical</u>	<u>Dental</u>	<u>Life</u>	<u>Total</u>
I. Present Value of Future Benefits				
A. Actives	104,858,644	0	227,393	105,086,037
B. Retirees/Disabled	<u>48,638,108</u>	<u>0</u>	<u>688,156</u>	<u>49,326,264</u>
C. Total	153,496,752	0	915,549	154,412,301
II. Present Value of Future Normal Cost	31,680,268	0	49,020	31,729,288
III. Actuarial Accrued Liability (Projected Unit Credit)				
A. Actives	73,178,376	0	178,373	73,356,749
B. Retirees/Disabled	<u>48,638,108</u>	<u>0</u>	<u>688,156</u>	<u>49,326,264</u>
C. Total	121,816,484	0	866,529	122,683,013
IV. Plan Assets	0	0	0	0
V. Unfunded Actuarial Accrued Liability ("UAAL")	121,816,484	0	866,529	122,683,013
VI. Annual Covered Payroll	N/A	N/A	N/A	N/A
VII. UAAL as % of Covered Payroll	N/A	N/A	N/A	N/A
VIII. Net OPEB Obligation	9,824,765	0	68,244	9,893,009
IX. Number of Covered Participants				
A. Actives	571	0	571	
B. Retirees/Disabled	<u>460</u>	<u>0</u>	<u>460</u>	
C. Total	1,031	0	1,031	
 For Fiscal Year Ending June 30, 2011				
X. Normal Cost	3,986,604	0	7,422	3,994,026
XI. Amortization of UAAL - 30 year increase 3.25% per yr	4,314,811	0	30,693	4,345,504
XII. Annual Required Contribution ("ARC") [X. + XI.]	8,301,415	0	38,115	8,339,530
XIII. Interest on Net OPEB Obligation	392,991	0	2,730	395,721
XIV. Adjustment to Annual Required Contribution	(849,663)	0	(5,902)	(855,565)
XV. Amortization of Actuarial (Gains) / Losses	366,922	0	2,610	369,532
XVI. Annual OPEB Cost [XII. + XIII. + XIV. + XV.]	8,211,665	0	37,553	8,249,218
XVII. Expected Employer Contribution	3,479,963	0	33,737	3,513,700
XVIII. Contribution to Trust Fund	0	0	0	0
XIX. Total Employer Contribution	3,479,963	0	33,737	3,513,700
XVIII. Percentage of Annual OPEB Cost Contributed	42.4%	0.0%	89.8%	42.6%
XIX. Net OPEB Obligation at Beginning of Year (VIII.)	9,824,765	0	68,244	9,893,009
XX. Increase in Net OPEB Obligations (XVI. - XVII.)	4,731,702	0	3,816	4,735,518
XXI. Net OPEB Obligation at End of Year (XIX. + XX.)	14,556,467	0	72,060	14,628,527

SECTION I

PRINCIPAL RESULTS OF THE VALUATION
(continued)

Town of Stoughton
Plan Liabilities as of January 1, 2011 assuming pay-as-you-go

	Town Employees and Retirees	School Employees and Retirees	Ambulance Employees and Retirees	Golf Employees and Retirees	Water Employees and Retirees	Sewer Employees and Retirees	Sanitation Employees and Retirees	Public Health Employees and Retirees	Total
I. Present Value of Future Benefits									
A. Actives	45,275,588	43,756,385	7,876,988	1,203,617	2,810,454	1,313,953	1,143,402	2,105,702	105,086,037
B. Retirees/Disabled	20,947,153	28,679,111	0	0	0	0	0	0	49,326,264
C. Total	65,922,741	72,435,496	7,876,988	1,203,617	2,810,454	1,313,953	1,143,402	2,105,702	154,412,301
II. Present Value of Future Normal Cost	11,756,040	15,553,987	2,117,528	631,488	305,734	370,837	415,050	578,848	31,729,288
III. Actuarial A accrued Liability (Projected Unit Credit)									
A. Actives	33,519,548	28,202,418	5,559,408	572,131	2,304,720	943,116	728,352	1,527,056	73,356,746
B. Retirees/Disabled	20,847,153	28,679,111	0	0	0	0	0	0	49,326,264
C. Total	54,166,701	56,881,529	5,559,408	572,131	2,304,720	943,116	728,352	1,527,056	122,683,013
IV. Plan Assets	0	0	0	0	0	0	0	0	0
V. Unfunded Actuarial Accrued Liability ("UAAL")	54,166,701	56,881,529	5,559,408	572,131	2,304,720	943,116	728,352	1,527,056	122,683,013
VI. Annual Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VII. UAAL as % of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VIII. Net OFEB Obligation	4,239,017	4,451,475	215,489	36,989	411,695	219,621	252,969	65,714	9,683,009
IX. Number of Covered Participants									
A. Actives	238	255	39	7	12	7	6	9	571
B. Retirees/Disabled	223	231	0	0	0	0	0	0	460
C. Total	465	486	39	7	12	7	6	9	1,031
For Fiscal Year Ending December 31, 2011									
X. Normal Cost	1,611,722	1,805,364	260,663	109,292	45,785	48,851	41,349	66,970	3,994,026
XI. Amortization of UAAL - 30 year increase 3.25% per yr	1,919,041	2,014,777	186,749	20,237	81,537	33,363	25,769	54,031	4,345,504
XII. Annual Required Contribution (ARC) [X. + XI.]	3,530,763	3,820,161	457,412	129,529	127,322	82,214	67,118	124,001	8,339,530
XIII. Interest on Net OFEB Obligation	180,561	178,059	8,920	1,479	16,488	8,785	10,120	2,629	385,721
XIV. Adjustment to Annual Required Contribution (366,596)	(366,596)	(384,972)	(18,637)	(3,189)	(53,604)	(18,963)	(21,860)	(5,663)	(655,955)
XV. Amortization of Actuarial (Gains) / Losses	163,155	171,332	16,745	1,723	6,942	2,841	2,194	4,600	369,532
XVI. Annual OFEB Cost [XII. + XIII. + XIV. + XV.]	3,488,881	3,784,560	464,140	128,533	115,138	75,847	57,552	125,547	8,249,218
XVII. Expected Employer Contribution	1,490,568	2,007,144	969	0	4,522	3,045	969	6,543	3,513,700
XVIII. Contribution to Trust Fund	0	0	0	0	0	0	0	0	0
XIX. Total Employer Contribution	1,490,568	2,007,144	969	0	4,522	3,045	969	6,543	3,513,700
XX. Percentage of Annual OFEB Cost Contributed	42.8%	53.0%	0.2%	0.0%	3.9%	4.0%	1.5%	5.2%	42.6%
XXI. Net OFEB Obligation at Beginning of Year (VIII)	4,239,017	4,451,475	215,489	36,989	411,695	219,621	252,969	65,714	9,683,009

Town of Stoughton Other Postemployment Benefits Plan
Actuarial Valuation as of January 1, 2011

April 2012
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SECTION I

PRINCIPAL RESULTS OF THE VALUATION

(continued)

Town of Stoughton
Detail of Plan Liabilities by Group and Dependency Status
Assuming Pay-as-you-go funding - 4.00% discount rate
Plan Liabilities as of January 1, 2011

	<u>Present Value of Future Benefits</u>	<u>Actuarial Accrued Liability (Projected Unit Credit)</u>	<u>Normal Cost</u>
Actives			
Under Age 65			
A. Participants	21,689,670	12,694,320	994,922
B. Spouses	<u>18,028,563</u>	<u>10,832,425</u>	785,660
C. Total	39,718,233	23,526,745	1,780,582
Age 65 and Over			
A. Participants	10,334,573	14,662,304	(171,794)
B. Spouses	<u>55,033,231</u>	<u>35,167,700</u>	<u>2,385,238</u>
C. Total	65,367,804	49,830,004	2,213,444
Actives Total			
A. Participants	32,024,243	27,356,624	823,128
B. Spouses	<u>73,061,794</u>	<u>46,000,125</u>	<u>3,170,898</u>
C. Total	105,086,037	73,356,749	3,994,026
Retirees/Disabled			
Under Age 65			
A. Participants	4,837,130	4,837,130	0
B. Spouses	<u>3,147,797</u>	<u>3,147,797</u>	0
C. Total	7,984,927	7,984,927	0
Age 65 and Over			
A. Participants	27,987,706	27,987,706	0
B. Spouses	<u>13,353,631</u>	<u>13,353,631</u>	0
C. Total	41,341,337	41,341,337	0
Retirees/Disabled Total			
A. Participants	32,824,836	32,824,836	0
B. Spouses	<u>16,501,428</u>	<u>16,501,428</u>	0
C. Total	49,326,264	49,326,264	0
Total Population			
A. Participants	64,849,079	60,181,460	823,128
B. Spouses	<u>89,563,222</u>	<u>62,501,553</u>	<u>3,170,898</u>
C. Total	154,412,301	122,683,013	3,994,026

SECTION I

PRINCIPAL RESULTS OF THE VALUATION

(continued)

**Town of Stoughton
Assuming Plan Funding - 7.00% discount rate
Plan Liabilities as of January 1, 2011**

	<u>Medical</u>	<u>Dental</u>	<u>Life</u>	<u>Total</u>
I. Present Value of Future Benefits				
A. Actives	50,366,724	0	104,529	50,471,253
B. Retirees/Disabled	<u>38,687,058</u>	<u>0</u>	<u>496,748</u>	<u>37,183,806</u>
C. Total	87,053,782	0	601,277	87,655,059
II. Present Value of Future Normal Cost	12,350,804	0	16,926	12,367,730
III. Actuarial Accrued Liability (Projected Unit Credit)				
A. Actives	38,015,920	0	87,603	38,103,523
B. Retirees/Disabled	<u>36,687,058</u>	<u>0</u>	<u>496,748</u>	<u>37,183,806</u>
C. Total	74,702,978	0	584,351	75,287,329
IV. Plan Assets	0	0	0	0
V. Unfunded Actuarial Accrued Liability ("UAAL")	74,702,978	0	584,351	75,287,329
VI. Annual Covered Payroll	N/A	N/A	N/A	N/A
VII. UAAL as % of Covered Payroll	N/A	N/A	N/A	N/A
VIII. Net OPEB Obligation	9,824,765	0	68,244	9,893,009
IX. Number of Covered Participants				
A. Actives	571	0	571	
B. Retirees/Disabled	<u>460</u>	<u>0</u>	<u>460</u>	
C. Total	1,031	0	1,031	
 For Fiscal Year Ending December 31, 2011				
X. Normal Cost	1,726,560	0	2,972	1,729,532
XI. Amortization of UAAL - 30 year increase 3.25% per yr	6,084,760	0	47,597	6,132,357
XII. Annual Required Contribution ('ARC') [X. + XI.]	7,811,320	0	50,569	7,861,889
XIII. Interest on Net OPEB Obligation	687,734	0	4,777	692,511
XIV. Adjustment to Annual Required Contribution	(1,008,137)	0	(7,003)	(1,015,140)
XV. Amortization of Actuarial (Gains) / Losses	(4,467,480)	0	(26,345)	(4,493,825)
XVI. Annual OPEB Cost [XII. + XIII. + XIV. + XV.]	3,023,437	0	21,998	3,045,435
XVII. Expected Employer Contribution	3,479,963	0	33,737	3,513,700
XVIII. Contribution to Trust Fund	4,858,603	0	(11,739)	4,846,864
XIX. Total Employer Contribution	8,338,566	0	21,998	8,360,564
XX. Percentage of Annual OPEB Cost Contributed	275.8%	0.0%	100.0%	274.5%
XXI. Net OPEB Obligation at Beginning of Year (VIII.)	9,824,765	0	68,244	9,893,009
XXII. Increase in Net OPEB Obligations (XVI. - XVII.)	(5,315,129)	0	0	(5,315,129)
XXIII. Net OPEB Obligation at End of Year (XXI. + XXII.)	4,509,636	0	68,244	4,577,880

SECTION I

PRINCIPAL RESULTS OF THE VALUATION

(continued)

Town of Stoughton

Plan Liabilities as of January 1, 2011 assuming funding 100% of the annual OPEB costs

	Town Employees and Retirees	School Employees and Retirees	Ambulance Employees and Retirees	Golf Employees and Retirees	Water Employees and Retirees	Sewer Employees and Retirees	Sanitation Employees and Retirees	Public Health Employees and Retirees	Total
I. Present Value of Future Benefits									
A. Actives	21,745,188	21,015,538	3,687,118	578,079	1,253,762	651,072	549,159	1,011,337	50,471,253
B. Retirees/Disabled	15,677,100	20,103,839	970,840	105,177	228,112	114,818	59,815	184,005	37,183,808
C. Total	37,422,288	41,119,377	4,357,958	683,256	1,481,874	745,890	649,074	1,195,342	87,655,069
II. Present Value of Future Normal Cost	4,582,377	6,062,766	825,389	246,146	119,172	144,548	161,762	225,550	12,267,730
III. Actuarial Accrued Liability (Projected Unit Credit)									
A. Actives	17,410,980	14,649,115	2,887,710	297,181	1,197,135	489,851	378,328	793,195	38,103,523
B. Retirees/Disabled	15,629,686	20,257,572	523,652	53,921	217,211	88,894	59,644	143,819	37,183,866
C. Total	33,040,676	34,906,684	3,411,362	351,102	1,414,346	578,765	446,970	937,114	75,287,329
IV. Plan Assets	0	0	0	0	0	0	0	0	0
V. Unfunded Actuarial Accrued Liability ("UAAL")	33,240,676	34,906,684	3,411,362	351,102	1,414,346	578,765	446,970	937,114	75,287,329
VI. Annual Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VII. UAAL as % of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VIII. Net OPEB Obligation	4,238,017	4,451,475	215,489	36,889	411,685	218,621	252,989	65,714	9,883,009
IX. Number of Covered Participants									
A. Actives	236	255	39	7	12	7	6	9	571
B. Retirees/Disabled	228	231	0	0	0	0	0	0	459
C. Total	465	486	39	7	12	7	6	9	1,031
X. Normal Cost	697,923	781,785	112,875	47,327	18,831	21,567	17,805	30,289	1,729,532
XI. Amortization of UAAL - 30 year increase 3.25% per yr	2,706,143	2,843,245	277,651	28,558	115,065	47,062	36,365	76,248	6,132,357
XII. Annual Required Contribution (ARC) [X. + XI.]	3,408,068	3,625,030	390,526	75,885	134,896	68,669	54,270	106,547	7,861,889
XIII. Interest on Net OPEB Obligation	286,731	311,603	15,085	2,588	28,819	15,374	17,710	4,601	662,511
XIV. Adjustment to Annual Required Contribution	(434,974)	(456,775)	(22,113)	(3,794)	(42,245)	(22,535)	(25,961)	(6,748)	(1,015,140)
XV. Amortization of Actuarial (Gains) / Losses	(1,984,103)	(2,063,544)	(203,634)	(20,953)	(84,421)	(34,549)	(26,681)	(55,940)	(4,493,225)
XVI. Annual OPEB Cost [XII. + XIII. + XIV. + XV.]	1,283,720	1,386,314	178,864	53,726	37,049	26,959	19,338	48,465	3,045,435
XVII. Expected Employer Contribution	1,490,588	2,007,144	989	0	4,522	3,045	869	6,543	3,513,700
XVIII. Contribution to Trust Fund	2,286,340	2,247,231	218,637	22,603	81,053	23,814	18,489	41,822	4,846,864
XIX. Total Employer Contribution	3,756,928	4,254,375	220,626	22,603	85,575	26,959	19,338	48,465	8,360,564
XX. Percentage of Annual OPEB Cost Contributed	282.7%	304.7%	122.7%	42.1%	258.0%	100.0%	100.0%	100.0%	274.5%
XXI. Net OPEB Obligation at Beginning of Year (VIII.)	4,238,017	4,451,475	215,489	36,889	411,685	218,621	252,989	65,714	9,883,009

For Fiscal Year Ending December 31, 2011

Town of Stoughton Other Postemployment Benefits Plan
Actuarial Valuation as of January 1, 2011

Commentary on Plan Experience and Contribution Amounts

1. Transition to GASB 45:

The Plan adopted and implemented GASB 45 ("Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions") effective for the fiscal year ending June 30, 2009. As part of this implementation, the Employer must recognize the Actuarial Accrued Liability for past service. Under GASB 45, this amount may be amortized over a period not to exceed thirty (30) years. The Unfunded Actuarial Accrued Liability at transition was amortized over a 30 year period with amortization payments increasing at 3.25% per year. This approach yields an amortization charge of \$4,345,504. Additionally the Employer must recognize a "normal cost" which represents the annual accrual of benefits for current active employees toward their ultimate postemployment benefits. The normal cost for the 2011 fiscal year is \$3,994,026. The combined amortization charge and normal cost represent the Annual Required Contribution ("ARC") for the plan for the 2011 fiscal year. As the Employer has chosen to continue their "pay-as-you-go" funding policy, this valuation must utilize a discount rate which represents earnings on short term investments. For this discount rate, we have used 4.00% per annum. The incremental cost of GASB 45 for the 2011 fiscal year beyond the "pay-as-you-go" costs is \$4,735,518.

2. Plan Experience:

Plan experience was more favorable than expected. This is mainly due to lower than expected increases in costs for the Medical plans as well as a slight reduction in the retiree headcount. The actuarial experience gain is amortized into the annual OPEB costs over a 15-year period (the segment of the actuarial loss reflecting OPEB costs in excess of employer contributions is offset by the ARC Adjustment). The net impact of the plan experience is a slight decrease in the annual OPEB cost.

SECTION II
SUMMARY OF PLAN PROVISIONS

<u>Effective Date</u>	July 1, 2008; GASB 45 is adopted.
<u>Plan Year</u>	July 1 through June 30.
<u>Eligibility</u>	An employee shall become eligible to retire under this plan upon attainment of age 55 as an active member and completion of 10 years of service or an employee shall be able to retire with 20 years of service regardless of age.
<u>Credited Service</u>	Elapsed time from date of hire to termination of service date.
<u>Participant Contributions</u>	21-50% of premiums for Medical Insurance, 50% for Life Insurance, retired teachers pay 10-15% depending on retirement date.
<u>Benefits Offered</u>	Comprehensive Medical, Dental & Life Insurance offered through Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim Health Group and Tufts. Retired teachers receive benefits through the Group Insurance Commission.
<u>Normal Retirement Date</u>	The normal retirement date is the first day of the month following a participant's 65th birthday.
<u>Early Retirement</u>	Early retirement is available for any participant who has attained benefit eligibility.

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD AND ACTUARIAL ASSUMPTIONS

A. ACTUARIAL COST METHOD

The actuarial cost method used to calculate the costs and liabilities of the plan is the Projected Unit Credit Actuarial Cost Method. Under this method, the normal cost and actuarial accrued liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit times the ratio of past service to expected total service at retirement/termination.

Actuarial gains and losses are calculated each year and amortized over a 15 year period.

All employees who are plan participants on a valuation date are included in the actuarial valuation.

B. ASSET VALUATION METHOD

The actuarial value of assets is equal to the Market Value of the Plan's assets.

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS

(continued)

C. ACTUARIAL ASSUMPTIONS

We used the following assumptions in this year's actuarial valuation:

Pre- and Post-Retirement Mortality

It is assumed that both pre-retirement and post-retirement mortality are represented by the RP-2000 Mortality Table for males and females.

Discount Rate

4.00% per annum (previously 4.25%)

Employee Termination

It was assumed that employees would terminate employment in accordance with the sample rates shown in the following table:

<u>Service</u>	<u>Non Public Safety</u>		<u>Public Safety</u>
	<u>Male</u>	<u>Female</u>	
0	15.00%	15.00%	1.50%
5	10.20%	10.20%	1.50%
10	5.40%	5.40%	1.50%
15	3.70%	3.70%	0.00%
20	2.00%	2.00%	0.00%
25	1.00%	1.00%	0.00%
30	0.00%	0.00%	0.00%

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS

(continued)

C. ACTUARIAL ASSUMPTIONS (continued)

Retirement Rates

It was assumed that the following percentage of eligible employees would retire each year:

<u>Age</u>	<u>Non Public Safety Male</u>	<u>Non Public Safety Female</u>	<u>Public Safety</u>
45	0.00%	0.00%	1.00%
46	0.00%	0.00%	1.00%
47	0.00%	0.00%	1.00%
48	0.00%	0.00%	1.00%
49	0.00%	0.00%	1.00%
50	1.00%	1.50%	2.00%
51	1.00%	1.50%	2.00%
52	1.00%	2.50%	2.00%
53	1.00%	2.50%	5.00%
54	2.00%	2.50%	7.50%
55	2.00%	5.50%	15.00%
56	2.50%	6.50%	10.00%
57	2.50%	6.50%	10.00%
58	5.00%	6.50%	10.00%
59	6.50%	6.50%	15.00%
60	12.00%	5.00%	20.00%
61	20.00%	13.00%	20.00%
62	30.00%	15.00%	25.00%
63	25.00%	12.50%	25.00%
64	22.00%	18.00%	30.00%
65	40.00%	15.00%	100.00%
66	25.00%	20.00%	100.00%
67	25.00%	20.00%	100.00%
68	30.00%	25.00%	100.00%
69	30.00%	20.00%	100.00%
70	100.00%	100.00%	100.00%
71	100.00%	100.00%	100.00%
72	100.00%	100.00%	100.00%

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS

(continued)

C. ACTUARIAL ASSUMPTIONS (continued)

Healthcare Trend

It was assumed that healthcare costs would increase in accordance with the trend rates in the following table:

<u>Year</u>	<u>Medical</u>	<u>Dental</u>
FY 2008	11.0%	8.5%
FY 2009	10.0%	8.0%
FY 2010	9.0%	7.5%
FY 2011	8.0%	7.0%
FY 2012	7.0%	6.5%
FY 2013	6.0%	6.0%
FY 2014	5.0%	5.5%
FY 2015	5.0%	5.0%

Participation Rate

It was assumed that 80% of the employees eligible to receive retirement benefits would enroll in the retiree medical and dental plans upon retirement (90% for retired teachers). For life insurance plans, it was assumed that 80% of eligible employees would elect coverage upon retirement (90% for retired teachers).

Percent Married

It was assumed that 80% of the participants who elect retiree healthcare coverage for themselves would also elect coverage for a spouse upon retirement (80% for retired teachers). It was further assumed that husbands are three years older than their wives. For current retirees, the actual census information was used.

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS

(continued)

C. ACTUARIAL ASSUMPTIONS (continued)

Compensation Increases

3.00% per year.

Additional Comments

The values in this report reflect a closed group and do not reflect any new entrants after the valuation date.

For purposes of this valuation, retiree contributions were assumed to increase with the same trend rate as health care claims.

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD AND ACTUARIAL ASSUMPTIONS

(continued)

D. DEVELOPMENT OF REPRESENTATIVE MEDICAL PER CAPITA CLAIMS COSTS

As part of the Other Post-Employment Benefits Program, there are situations where the cost is borne partly or entirely on the retirees. In most cases, the premium that is used to split the cost is lower than the true cost of providing the medical benefits, for two reasons:

- ✓ The cost sharing program is usually a fixed amount such as a COBRA premium that does not take into account the age of the retiree and his/her dependents. Since medical costs generally increase with age, the cost sharing premium is often lower than the true cost of the medical benefits:
- ✓ The cost sharing premium is usually a blended rate that takes into account the cost of medical benefits for active employees as well as retirees. Medical costs are generally higher for retirees than for active employees of the same age. This means that, again, the cost sharing premium is often lower than the true cost of the medical benefits.

Because of these two factors, a retiree who is paying 100% of the cost sharing premium is most likely not paying 100% of the true cost of the medical benefits. This situation is known as an "implicit subsidy". GASB 43 and 45 require the plan sponsor to measure the liability for this subsidy; that is, the difference between the true cost of the medical benefits and the cost sharing premiums paid by the retiree. To do this, our valuation consists of several steps:

First, we calculate the liability for the true cost of medical benefits expected to be received by retirees and their dependents. This liability is based factors developed by actuaries that reflect how the cost of medical benefits varies by age and gender, as well as the other assumptions discussed on the prior page.

Next, we calculate the liability for the future premiums expected to be paid by the retiree for their own and their dependents' coverage. This liability is based on the current premium rates without adjustment for age or gender. It also is based on the terms of the retiree medical program - different retirees pay different percentages based on their union, date of retirement, age at retirement, and other factors.

SECTION III

**ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS**

(continued)

D. DEVELOPMENT OF REPRESENTATIVE MEDICAL PER CAPITA CLAIMS COSTS

I. CLAIMS COSTS DEVELOPMENT - Based on Active & Retiree Incurred Claims & Premiums

	Number of Participants			
	Single	Two-Person	Family	Total
Harvard Pilgrim	51		83	134
BCBS Network Blue	72		32	104
Tufts EPO	128		211	339
Tufts Medicare Preferred	11			11
Tufts Medicare Compliment	17			17
BCBS Managed Blue	0			0
BCBS Medex	156			156
Total	435	0	326	761

	Per Contract Costs (monthly) - FY 2012		
	Single	Two-Person	Family
Harvard Pilgrim	770.90	0.00	2,002.32
BCBS Network Blue	778.42	0.00	2,078.27
Tufts EPO	624.32	0.00	1,667.86
Tufts Medicare Preferred	402.00	804.00	
Tufts Medicare Compliment	249.00	498.00	
BCBS Managed Blue	451.07	902.14	
BCBS Medex	615.86	1,231.72	

Gross Expected FY 2012 Incurred Premiums	10,375,439
Adjustment to reflect children's claims	<u>(1,720,372)</u>
Total Expected FY 2012 Incurred Premiums (adults only)	8,655,067

II. PRE-65 AND POST-65 PER CAPITA RETIREE ANNUAL CLAIM COSTS

	Employer <u>Primary</u>	Medicare <u>Primary</u>
Age 65	12,010	6,830
Average Age	10,978	6,830

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD AND ACTUARIAL ASSUMPTIONS

(continued)

D. DEVELOPMENT OF REPRESENTATIVE MEDICAL PER CAPITA CLAIMS COSTS

III. BREAKDOWN OF CLAIM COSTS

8,655,067 Active and Retired Claims (No Children) - Including Administrative fees & trend

5,616 Average Per-Capita Claim (including Retention & Pooling)

ALL ACTIVE EMPLOYEES AND SPOUSES

Age Bracket	Number of Females	Number of Males	Female Aging Factor	Male Aging Factor	Aged (F) Average Claims	Aged (M) Average Claims	Age Related Claims
24 & Under	7	1	1.312	0.549	7,368	3,083	54,659
25 to 29	61	25	1.312	0.591	7,368	3,319	532,423
30 to 34	48	35	1.312	0.712	7,368	3,999	493,629
35 to 39	71	47	1.312	0.850	7,368	4,774	747,506
40 to 44	54	62	1.312	1.000	7,368	5,616	746,064
45 to 49	33	56	1.456	1.193	8,177	6,700	645,041
50 to 54	60	39	1.599	1.441	8,980	8,093	854,427
55 to 59	69	58	1.740	1.753	9,772	9,845	1,245,278
60 to 64	31	49	1.968	2.102	11,052	11,805	921,057
65 to 69	9	15	2.168	2.316	12,175	13,007	304,680
70 & Over	8	6	2.396	2.557	13,456	14,360	193,808
Total	451	393					6,738,572

ALL RETIREES AND SPOUSES - NOT MEDICARE ELIGIBLE

Age Bracket	Number of Females	Number of Males	Female Aging Factor	Male Aging Factor	Aged (F) Average Claims	Aged (M) Average Claims	Age Related Claims
44 & Under	1	0	1.312	1.000	7,368	5,616	7,368
45 to 49	0	2	1.456	1.193	8,177	6,700	13,400
50 to 54	4	1	1.599	1.441	8,980	8,093	44,013
55 to 59	7	2	1.740	1.753	9,772	9,845	88,094
60 to 64	16	23	1.968	2.102	11,052	11,805	448,347
65 to 69	3	1	2.168	2.316	12,175	13,007	49,532
70 to 74	0	1	2.396	2.557	13,456	14,360	14,360
75 to 79	0	1	2.593	2.769	14,562	15,551	15,551
Total	31	31					680,665

ALL RETIREES AND SPOUSES - MEDICARE ELIGIBLE

Age Bracket	Number of Females	Number of Males	Female Aging Factor	Male Aging Factor	Aged (F) Average Claims	Aged (M) Average Claims	Age Related Claims
65 to 69	21	23	2.168	2.316	6,830	6,830	300,520
70 to 74	14	18	2.396	2.557	6,830	6,830	218,560
75 to 79	24	9	2.593	2.769	6,830	6,830	225,390
80 to 84	17	19	2.724	2.910	6,830	6,830	245,880
85 to 89	10	14	2.864	3.059	6,830	6,830	163,920
90 & Over	8	4	3.010	3.215	6,830	6,830	81,960
Total	94	87					1,236,230
Grand Totals	576	511					8,655,467

EXHIBIT A

Financial Statement Disclosure (As of January 1, 2011)

The GASB Standards for accounting and financial reporting for postemployment benefits other than pensions requires the following disclosures in the financial statements with regard to the retiree medical and life insurance benefits;

1. A DESCRIPTION OF THE RETIREE MEDICAL INSURANCE PROGRAM:

- a. Plan Type: Comprehensive Medical offered through Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim Health Group and Tufts. Retired teachers receive benefits through the Group Insurance Commission.
- b. Administrator: Town of Stoughton
- c. Eligibility: An employee shall become eligible to retire under this plan upon attainment of age 55 as an active member and completion of 10 years of service or an employee shall be able to retire with 20 years of service regardless of age.
- d. Cost Sharing: 21-50% of premiums, retired teachers pay 10-15% depending on retirement date.

2. A DESCRIPTION OF THE DENTAL INSURANCE PROGRAM:

- a. Plan Type: Comprehensive Dental Insurance offered through the Group Insurance Commission (retired teachers only)
- b. Administrator: Town of Stoughton
- c. Eligibility: Same as above
- d. Cost sharing: 100% Participant paid.

3. A DESCRIPTION OF THE RETIREE LIFE INSURANCE PROGRAM:

- a. Plan Type: Group Term Life Insurance - \$2,000 offered through Boston Mutual. Retired Teachers receive a \$5,000 policy via the Group Insurance Commission
- b. Administrator: Town of Stoughton
- c. Eligibility: Same as above
- d. Cost sharing: 50% of premiums, retired teachers pay 10-15% depending on retirement date.

EXHIBIT A

Financial Statement Disclosure

(As of January 1, 2011)

(continued)

4. RETIREE MEDICAL, DENTAL AND LIFE INSURANCE CONTRIBUTIONS:

Group	Individual	Family
Medical	21-50% of premiums, retired teachers pay 10-15% depending on retirement date.	21-50% of premiums, retired teachers pay 10-15% depending on retirement date.
Dental	100%	100%
Life	50% of premiums, retired teachers pay 10-15% depending on retirement date.	N/A

5. FUNDING POLICY

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2011 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$3,513,700.

EXHIBIT A

Financial Statement Disclosure

(As of January 1, 2011)

(continued)

6. ANNUAL OPEB COST AND NET OPEB OBLIGATION

The Town's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of the Town's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation to the plan:

Annual Required Contribution	\$8,339,530
Interest on net OPEB obligation	\$395,721
Adjustment to annual required contribution	(\$855,565)
Amortization of Actuarial (Gains) / Losses	\$369,532
Annual OPEB cost (expense)	\$8,249,218
Contributions made	\$3,513,700
Increase in net OPEB obligation	\$4,735,518
Net OPEB Obligation – beginning of year	\$9,893,009
Net OPEB Obligation – end of year	\$14,628,527

EXHIBIT A

Financial Statement Disclosure

(As of January 1, 2011)

(continued)

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2011 fiscal year and the three preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Expected Employer Payments	Increase in OPEB Obligation
06/30/2008	N/A	N/A	N/A
06/30/2009	\$8,598,672	\$3,711,648	\$4,887,024
06/30/2010	\$9,138,293	\$4,132,308	\$5,005,985
06/30/2011	\$8,249,218	\$3,513,700	\$4,735,518
06/30/2012 (est.)	\$8,695,467	\$3,674,075	\$5,021,392
06/30/2013 (est.)	\$9,207,688	\$3,797,190	\$5,410,498

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
01/01/2008	\$0	N/A	N/A	0.0%	N/A	N/A
01/01/2009	\$0	\$117,348,576	\$117,348,576	0.0%	N/A	N/A
01/01/2010	\$0	\$122,837,052	\$122,837,052	0.0%	N/A	N/A
01/01/2011	\$0	\$122,683,013	\$122,683,013	0.0%	N/A	N/A
01/01/2012 (est.)	\$0	\$128,064,401	\$128,064,401	0.0%	N/A	N/A
01/01/2013 (est.)	\$0	\$133,617,387	\$133,617,387	0.0%	N/A	N/A

EXHIBIT A

**Financial Statement Disclosure
(As of January 1, 2011)
(continued)**

	Fiscal Year Ending June 30, 2011								
	Town Employees and Retirees	School Employees and Retired Teachers	Ambulance Employees and Retirees	Golf Employees and Retirees	Water Employees and Retirees	Sewer Employees and Retirees	Sanitation Employees and Retirees	Public Health Employees and Retirees	Total
OPEB obligation at beginning of year	4,239,017	4,451,475	215,489	36,989	411,085	219,621	252,999	65,714	9,893,009
Annual OPEB Cost	3,496,881	3,784,580	484,140	129,533	115,138	75,847	57,552	125,547	8,249,218
Expected Employer Payments	1,490,588	2,007,144	989	-	4,522	3,045	869	6,543	3,513,700
Increase in OPEB Obligation	2,006,293	1,777,436	463,151	129,533	110,616	72,802	56,883	119,004	4,735,518
OPEB obligation at end of year	6,245,310	6,228,911	678,660	166,522	522,311	292,423	309,882	184,718	14,628,527
APBO at beginning of year	54,166,701	58,881,529	5,559,408	572,131	2,304,720	943,116	728,352	1,527,056	122,683,013

	Fiscal Year Ending June 30, 2012								
	Town Employees and Retirees	School Employees and Retired Teachers	Ambulance Employees and Retirees	Golf Employees and Retirees	Water Employees and Retirees	Sewer Employees and Retirees	Sanitation Employees and Retirees	Public Health Employees and Retirees	Total
OPEB obligation at beginning of year	6,245,310	6,228,911	678,660	166,522	522,311	292,423	309,882	184,718	14,628,527
Annual OPEB Cost	3,686,049	3,989,310	489,248	136,540	121,366	79,950	60,665	132,339	8,695,467
Expected Employer Payments	1,568,622	2,088,756	1,004	-	4,728	3,184	909	6,842	3,674,075
Increase in OPEB Obligation	2,127,427	1,890,554	488,214	136,540	116,638	76,766	59,756	125,497	5,021,392
OPEB obligation at end of year	8,372,737	8,119,465	1,166,864	303,062	638,949	369,189	369,438	310,215	19,649,919
APBO at beginning of year	58,542,678	59,376,590	5,803,267	597,227	2,405,815	984,485	760,301	1,594,039	128,064,401

	Fiscal Year Ending June 30, 2013								
	Town Employees and Retirees	School Employees and Retired Teachers	Ambulance Employees and Retirees	Golf Employees and Retirees	Water Employees and Retirees	Sewer Employees and Retirees	Sanitation Employees and Retirees	Public Health Employees and Retirees	Total
OPEB obligation at beginning of year	8,372,737	8,119,465	1,166,864	303,062	638,949	369,189	369,438	310,215	19,649,919
Annual OPEB Cost	3,903,181	4,224,307	518,068	144,583	128,515	84,660	64,239	140,135	9,207,688
Expected Employer Payments	1,610,861	2,169,083	1,068	-	4,886	3,291	939	7,071	3,797,190
Increase in OPEB Obligation	2,292,330	2,055,224	516,999	144,583	123,629	81,369	63,300	133,064	5,410,498
OPEB obligation at end of year	10,665,067	10,174,689	1,683,863	447,645	762,578	450,558	432,738	443,279	25,060,417
APBO at beginning of year	58,984,419	61,951,212	6,054,902	623,123	2,510,133	1,027,173	793,268	1,663,158	133,617,387

EXHIBIT A

Financial Statement Disclosure

(As of January 1, 2011)

(continued)

7. FUNDED STATUS AND FUNDING PROGRESS

As of January 1, 2011, the most recent valuation date, the plan was 0.00% funded. The actuarial liability for benefits was \$122,683,013, and the actuarial value of assets was \$ 0, resulting in an unfunded actuarial accrued liability (UAAL) of \$122,683,013. The covered payroll (annual payroll of active employees covered by the plan) was \$ N/A and the ratio of the UAAL to the covered payroll was N/A.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented in the required supplementary information following the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

8. EFFECT OF 1% CHANGE IN HEALTHCARE TREND RATES

In the event that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the Actuarial Accrued Liability would increase to \$160,653,066 or by 30.9% and the corresponding Normal Cost would increase to \$6,104,540 or by 52.8%. If such healthcare trend rates were 1% less than forecast and employee contributions were to increase at the forecast rate, the Actuarial Accrued Liability would decrease to \$93,802,686 or by 23.5% and the corresponding Normal Cost would decrease to \$2,503,901 or by 37.3%.

EXHIBIT A

Financial Statement Disclosure
(As of January 1, 2011)
(continued)

9. ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Cost Method: Projected Unit Credit
Investment Rate of Return: 4.00% per annum (previously 4.25%)
Healthcare Trend Rates

<u>Year</u>	<u>Medical</u>	<u>Dental</u>
FY 2008	11.0%	8.5%
FY 2009	10.0%	8.0%
FY 2010	9.0%	7.5%
FY 2011	8.0%	7.0%
FY 2012	7.0%	6.5%
FY 2013	6.0%	6.0%
FY 2014	5.0%	5.5%
FY 2015	5.0%	5.0%

General Inflation Assumption: 2.50% per annum
Annual Compensation Increases: 3.00% per annum
Actuarial Value of Assets: Market Value
Amortization of UAAL: Amortized increasing at 3.25% per year
over 30 years at transition
Remaining Amortization Period: 28 years at January 1, 2011

EXHIBIT A

Financial Statement Disclosure

(As of January 1, 2011)

(continued)

10. Remaining Amortization Bases

The initial Actuarial Accrued Liability as of the date GASB 45 was adopted is amortized as a component of the Annual Required Contribution ("ARC"). The Unfunded Actuarial Accrued Liability at transition was amortized over a 30 year period with amortization payments increasing at 3.25% per year. For years subsequent to the initial adoption of GASB 45, cumulative gains/losses are amortized on a level dollar basis over a 15 year period. Gains and losses arise from experience and contribution deficiencies and excess contributions in relation to each year's ARC under GASB 45.

Changes in Unfunded Actuarial Liability Since Prior Valuation
--

Expected Unfunded Actuarial Liability

1. Actuarial Accrued Liability at prior valuation date	117,348,576
2. Actuarial Value of Assets at prior valuation date	0
3. Unfunded Actuarial Accrued Liability at prior valuation date [1. - 2.]	117,348,576
4. Normal Cost for prior periods	8,231,870
5. Employer Contributions for prior periods	(7,843,956)
6. Interest to current valuation date	10,566,590
7. Expected Actuarial Accrued Liability [3. + 4. + 5. + 6.]	128,303,080

Actual Unfunded Actuarial Liability

8. Actuarial Accrued Liability at current valuation date	122,683,013
9. Actuarial Value of Assets at current valuation date	0
10. Unfunded Actuarial Accrued Liability at current valuation date [8. - 9.]	122,683,013

Net Actuarial (Gain) / Loss from Plan Experience [10. - 7.] (5,620,067)

Contribution Deficiency or (Excess Contributions) 9,893,009

Total (Gain) or Loss to be amortized 4,272,942

EXHIBIT A

Financial Statement Disclosure
(As of January 1, 2011)
(continued)

Amortization of Initial Unfunded and Plan Experience under GASB 45						
Date Established	Description	Initial Amount	Initial Amortization Period	Remaining Balance at Valuation Date	Remaining Amortization Period	Annual Amortization Payment
July 1, 2008	GASB 45 Adoption	117,348,576	30	110,536,535	28	4,345,504
January 1, 2011	Adjustment to ARC	(9,893,009)	15	(9,893,009)	15	(855,565)
January 1, 2011	Cumulative (Gain) / Loss	4,272,942	15	4,272,942	15	369,532
Total				104,916,468		3,859,470

11. Recognition of OPEB trust assets

The State of Massachusetts has recently passed legislation allowing municipal entities to establish a trust for Other Than Postemployment Benefits ("OPEB") under M.G.L. Chapter 32B, Section 20 for purposes of accumulating assets to pre-fund the liabilities under GASB 45. To the best of our knowledge, Town of Stoughton has not established an irrevocable trust for the purposes of prefunding liabilities under GASB 45.

EXHIBIT A

Financial Statement Disclosure

(As of January 1, 2011)

(continued)

12. Impact of Section 9A1/2 of M.G.L. Chapter 32B

For employees who retire on or after January 1, 2011 whenever a retired employee or beneficiary receives a healthcare premium contribution from a governmental unit in a case where a portion of the retiree's creditable service is attributable to service in 1 or more other governmental units, the first governmental unit shall be reimbursed in full, in accordance with this paragraph, by the other governmental units for the portion of the premium contributions that corresponds to the percentage of the retiree's creditable service that is attributable to each governmental unit. The other governmental units shall be charged based on their own contribution rate or the contribution rate of the first employer, whichever is lower.

For purposes of the valuation we have not attempted to value the impact of prior governmental service at other entities in the State of Massachusetts for current employees of the Town of Stoughton nor have we attempted to value the impact of prior Town of Stoughton employees currently working at other governmental entities in the State of Massachusetts.

EXHIBIT B

Reconciliation of Plan Participation
(As of January 1, 2011)

ACTIVE EMPLOYEES

	<u>January 1, 2011</u>	<u>January 1, 2009</u>
A. Average Age at Hire	32.43	N/A
B. Average Service	12.60	N/A
C. Average Current Age	45.03	N/A

EXHIBIT C

Projected Cash Flows (Open Group) – Pay-as-you-go Approach

Total Medical, Dental & Life Insurance - pay-as-you-go funding - 4.00% discount rate

Fiscal Year	Total APBO	Normal Cost	Expected Amortization	Interest on Net OPEB Obligation	Adjustment to ARC	Amortization of Actuarial (Gain) / Loss	Expected Annual OPEB Cost	OPEB Obligation as of June 30	Employer Share of Premiums / Claims	Excess Employer Payments (beyond claims)	Plan Assets at Beginning of year	Unfunded Accrued Actuarial Liability ("UAAL")
2011	122,683,013	3,994,026	4,345,504	395,721	(855,565)	369,532	8,249,218	14,628,527	3,513,700	0	0	122,683,013
2012	128,064,401	4,109,626	4,486,733	585,141	(1,265,102)	779,069	8,695,467	19,649,919	3,674,075	0	0	128,064,401
2013	133,617,387	4,275,172	4,632,552	785,997	(1,699,361)	1,213,328	9,207,688	25,060,417	3,797,190	0	0	133,617,387
2014	139,441,079	4,555,844	4,783,110	1,002,417	(2,167,270)	1,681,237	9,855,338	31,031,239	3,884,516	0	0	139,441,079
2015	145,690,899	4,815,760	4,938,561	1,241,250	(2,683,639)	2,197,606	10,509,538	37,535,595	4,005,182	0	0	145,690,899
2016	152,336,155	5,021,663	5,099,065	1,501,424	(3,246,147)	2,760,114	11,136,119	44,524,037	4,147,677	0	0	152,336,155
2017	159,299,726	5,224,090	5,264,785	1,780,962	(3,850,520)	3,364,487	11,783,804	52,052,971	4,254,870	0	0	159,299,726
2018	166,661,138	5,463,991	5,435,891	2,082,119	(4,501,636)	4,015,603	12,495,968	60,066,169	4,482,770	0	0	166,661,138
2019	174,314,332	5,600,490	5,612,558	2,402,647	(5,194,632)	4,708,599	13,129,662	68,526,498	4,669,333	0	0	174,314,332
2020	182,240,397	4,511,389	5,794,966	2,741,060	(5,926,297)	5,440,264	12,561,382	76,186,864	4,901,016	0	0	182,240,397
2021	189,110,923	4,762,968	5,983,302	3,047,475	(6,588,779)	6,102,746	13,307,712	84,314,839	5,179,737	0	0	189,110,923
2022	196,237,721	5,010,142	6,177,760	3,372,594	(7,291,702)	6,805,669	14,074,463	92,884,319	5,504,983	0	0	196,237,721
2023	203,570,411	5,387,154	6,378,537	3,715,373	(8,032,806)	7,546,773	14,995,031	102,100,365	5,778,985	0	0	203,570,411
2024	211,298,508	5,738,181	6,585,839	4,084,015	(8,829,826)	8,343,793	15,922,002	111,906,034	6,116,333	0	0	211,298,508
2025	219,336,492	6,109,884	6,799,879	4,476,241	(9,677,838)	9,191,805	16,899,971	122,305,077	6,500,928	0	0	219,336,492
2026	227,682,406	6,457,608	7,020,875	4,892,203	(10,577,167)	10,577,167	18,370,686	133,767,128	6,908,635	0	0	227,682,406
2027	236,317,324	6,852,525	7,249,054	5,350,685	(11,568,426)	11,568,426	19,252,264	145,725,261	7,294,131	0	0	236,317,324
2028	245,090,579	7,248,648	7,484,648	5,829,010	(12,602,587)	12,602,587	20,178,817	158,207,014	7,697,064	0	0	245,090,579
2029	254,029,021	7,140,063	7,727,899	6,328,280	(13,682,032)	13,682,032	21,196,242	171,250,019	8,153,237	0	0	254,029,021
2030	263,136,482	7,551,547	7,979,056	6,850,001	(14,810,014)	14,810,014	22,380,604	185,096,043	8,534,580	0	0	263,136,482
2031	272,639,588	8,039,600	8,238,376	7,403,842	(16,007,444)	16,007,444	23,681,818	199,843,349	8,934,512	0	0	272,639,588
2032	282,614,462	8,469,421	8,506,123	7,993,734	(17,282,818)	17,282,818	24,969,278	215,395,130	9,417,497	0	0	282,614,462
2033	292,933,042	8,939,881	8,782,572	8,615,805	(18,627,764)	18,627,764	26,338,258	231,827,833	9,905,555	0	0	292,933,042
2034	303,646,062	9,472,358	9,068,005	9,273,113	(20,048,894)	20,048,894	27,813,476	249,265,559	10,375,750	0	0	303,646,062
2035	314,852,377	10,026,192	9,662,716	9,970,622	(21,556,941)	21,556,941	29,359,530	267,724,970	10,900,119	0	0	314,852,377
2036	326,537,588	10,641,405	9,667,004	10,708,999	(23,153,345)	23,153,345	31,017,408	287,337,066	11,405,312	0	0	326,537,588
2037	338,804,627	11,291,673	9,981,181	11,493,483	(24,849,434)	24,849,434	32,766,337	308,225,048	11,878,355	0	0	338,804,627
2038	351,746,664	11,954,902	10,305,569	12,329,002	(26,655,865)	26,655,865	34,589,473	330,392,252	12,422,269	0	0	351,746,664
2039	365,330,468	12,680,085	0	13,215,690	(28,572,926)	28,572,926	25,895,775	343,319,037	12,968,990	0	0	365,330,468
2040	379,643,225	13,454,191	0	13,732,761	(29,690,857)	29,690,857	27,186,952	356,986,837	13,519,152	0	0	379,643,225
2041	394,761,396	14,258,107	0	14,279,474	(30,872,874)	30,872,874	28,537,581	371,403,347	14,121,071	0	0	394,761,396
2042	410,694,368	15,103,611	0	14,856,134	(32,119,640)	32,119,640	29,959,745	386,614,734	14,748,358	0	0	410,694,368

Town of Stoughton Other Postemployment Benefits Plan
Actuarial Valuation as of January 1, 2011

April 2012
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EXHIBIT D

Projected Cash Flows (Open Group) – Funded Approach

Total Medical, Dental & Life Insurance - Funding at 7.00% discount rate														
Fiscal Year	Total APBO	Normal Cost	Expected Amortization	Interest on Net OPEB Obligation	Adjustment to ARC	Amortization of Actuarial (Gain) / Loss	Expected Annual OPEB Cost	OPEB Obligation as of June 30	Employer Share of Premiums / Claims	Excess Employer Payments (beyond claims)	Plan Assets at Beginning of year	Unfunded Accrued Actuarial Liability ("UJAL")		
2011	75,287,329	1,729,532	6,132,357	692,511	(1,015,140)	(4,493,825)	3,045,435	4,577,880	3,513,698	4,846,866	0	75,287,329		
2012	78,632,738	1,771,819	6,331,659	320,452	(469,745)	(5,039,220)	2,914,965	(1,185,619)	3,674,075	5,004,389	4,846,866	73,785,872		
2013	82,087,723	1,846,139	6,537,438	(82,993)	121,658	(5,501,962)	2,920,280	(7,229,561)	3,797,190	5,167,032	10,190,536	71,897,187		
2014	85,736,724	2,001,247	6,749,905	(506,069)	741,838	(5,501,962)	3,484,959	(12,964,079)	3,884,516	5,334,961	16,070,906	69,665,818		
2015	89,707,025	2,136,368	6,969,277	(907,486)	1,330,267	(5,501,962)	4,026,464	(18,451,144)	4,005,182	5,508,347	22,530,830	67,176,195		
2016	93,972,129	2,242,044	7,195,778	(1,291,580)	1,893,305	(5,501,962)	4,537,585	(23,748,604)	4,147,677	5,687,368	29,616,335	64,355,794		
2017	98,489,219	2,356,007	7,429,641	(1,662,402)	2,436,887	(5,501,962)	5,058,171	(28,817,510)	4,254,870	5,872,207	37,376,846	61,112,373		
2018	103,341,429	2,497,403	7,671,104	(2,017,226)	2,957,016	(5,501,962)	5,606,335	(33,756,999)	4,482,770	6,063,054	45,865,432	57,475,997		
2019	108,432,551	2,593,911	7,920,415	(2,362,990)	3,463,866	(5,501,962)	6,113,240	(38,573,195)	4,669,333	6,260,103	55,139,066	53,293,485		
2020	113,792,176	2,141,587	8,177,829	(2,700,124)	3,958,065	(5,501,962)	6,075,395	(43,862,372)	4,901,016	6,463,556	65,258,904	48,533,272		
2021	118,797,233	2,270,307	8,443,609	(3,070,366)	4,500,797	(5,501,962)	6,642,385	(49,073,346)	5,179,737	6,673,622	76,290,583	42,506,650		
2022	123,997,913	2,392,125	8,718,026	(3,435,134)	5,035,504	(5,501,962)	7,208,559	(54,260,285)	5,504,983	6,890,515	88,304,546	35,693,367		
2023	129,346,016	2,584,702	9,001,362	(3,798,220)	5,567,745	(5,501,962)	7,853,627	(59,300,100)	5,778,985	7,114,457	101,376,379	27,969,637		
2024	134,978,530	2,768,801	9,293,907	(4,151,007)	6,084,890	(5,501,962)	8,494,629	(64,267,481)	6,116,333	7,345,677	115,587,183	19,391,347		
2025	140,834,020	2,963,254	9,595,959	(4,498,724)	6,594,601	(5,501,962)	9,153,128	(69,199,693)	6,500,928	7,584,412	131,023,963	9,810,057		
2026	146,894,709	3,145,744	9,907,828	(4,843,979)	7,100,705	7,003	15,317,301	(60,791,027)	6,908,635	0	147,780,052	(885,343)		
2027	153,149,255	3,235,187	10,229,832	(4,255,372)	6,237,876	7,003	15,454,526	(52,630,632)	7,294,131	0	150,830,525	2,318,730		
2028	159,520,526	3,336,670	10,562,302	(3,684,144)	5,400,523	7,003	15,622,354	(44,705,342)	7,697,064	0	161,388,662	(1,868,136)		
2029	166,021,342	3,467,915	10,905,576	(3,129,374)	4,587,295	7,003	15,838,415	(37,020,164)	8,153,237	0	164,532,631	1,488,711		
2030	172,629,542	3,667,627	11,260,007	(2,591,412)	3,798,705	7,003	16,141,930	(29,412,814)	8,534,580	0	176,049,915	(3,420,373)		
2031	179,505,970	3,904,684	11,625,957	(2,058,897)	3,018,101	7,003	16,496,848	(21,850,478)	8,934,512	0	179,438,897	67,073		
2032	186,689,472	4,114,579	12,003,801	(1,529,534)	2,242,116	7,003	16,837,965	(14,430,010)	9,417,497	0	191,999,620	(5,310,148)		
2033	194,083,613	4,339,081	12,393,925	(1,010,101)	1,480,689	7,003	17,210,597	(7,124,968)	9,905,555	0	195,534,038	(1,450,425)		
2034	201,713,338	4,596,557	12,796,727	(498,748)	731,105	7,003	17,632,644	131,926	10,375,750	0	198,845,671	2,867,667		
2035	209,649,534	4,862,784	13,212,621	9,235	(13,538)	13,538	18,084,640	7,316,447	10,900,119	0	212,764,868	(3,115,334)		
2036	217,865,053	5,159,245	13,642,031	512,151	(750,754)	750,754	19,313,427	15,224,562	11,405,312	0	216,253,097	1,611,956		
2037	226,432,315	5,474,631	14,085,397	1,065,719	(1,562,220)	1,562,220	20,625,747	23,971,954	11,878,355	0	231,390,814	(4,958,499)		
2038	235,430,593	5,795,003	14,543,172	1,678,037	(2,459,806)	2,459,806	22,016,212	33,565,897	12,422,269	0	235,165,902	264,691		
2039	244,819,559	6,147,279	0	2,349,613	(3,444,257)	3,444,257	8,496,892	29,093,799	12,968,990	0	251,627,515	(6,807,956)		
2040	254,657,698	6,524,817	0	2,036,566	(2,985,367)	2,985,367	8,561,383	24,136,030	13,519,152	0	255,722,289	(1,064,591)		
2041	264,999,799	6,916,588	0	1,689,522	(2,476,642)	2,476,642	8,606,110	18,621,069	14,121,071	0	259,501,778	5,498,021		
2042	275,840,986	7,329,982	0	1,303,475	(1,910,742)	1,910,742	8,633,457	12,506,168	14,748,358	0	277,666,902	(1,825,916)		

Town of Stoughton Other Postemployment Benefits Plan
 Actuarial Valuation as of January 1, 2011
 April 2012

EXHIBIT E

GLOSSARY

Accrual Accounting - A system of accounting in which revenues are recorded when earned and outlays are recorded when goods are received or services performed, even though the actual receipt of revenues and payment for goods or services may occur, in whole or in part, at a different time.

Actuarial Value of Assets - The value of cash, investments, other assets and property belonging to an OPEB trust, pension fund or similar entity, as used by the actuary for the purpose of actuarial valuation. Some funds may be restricted for other purposes, and "smoothing" of investment gains and losses often make the actuarial value of assets different from the market value of assets.

Annual Required Contribution - Normal Cost plus an amortization of the funding shortfall over a period of no more than 30 years.

Cash Basis Accounting - A system of accounting in which revenues are recorded when actually received and outlays are recorded when payment is made.

Discount Rate - The interest rate used to calculate present value of a series of future cash flows. Under GASB 45, the rate should be "long term expected yield on the investments that are expected to be used to pay benefits as they come due. These would be plan investments for a funded plan, the employer's investments for a pay as you go plan [e.g. short term county investment pool], or a weighted average of expected plan and employer investments for a plan that is partially funded".

FASB - Financial Accounting Standards Board. "Since 1973, the Financial Accounting Standards Board (FASB) has been the designated organization in the private sector for establishing standards of financial accounting and reporting".

GASB - Government Accounting Standards Board. "The Governmental Accounting Standards Board (GASB) was organized in 1984 by the Financial Accounting Foundation (FAF) to establish standards of financial accounting and reporting for state and local governmental entities. Its standards guide the preparation of external financial reports of those entities."

GFOA - Government Finance Officers Association. "GFOA is the professional association of state/provincial and local finance officers in the United States and Canada, and has served the public finance profession since 1906. Approximately 16,000 GFOA members are dedicated to the sound management of government financial resources."

EXHIBIT E

GLOSSARY

(continued)

Implicit Subsidy - "The difference between a premium rate charged to retirees for a particular benefit and the estimated rate that would have been applicable to those retirees if that benefit was acquired for them as a separate group."

Irrevocable Contribution - "Irrevocably transferred assets to a qualifying trust, or equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator. The preceding criteria preclude counting as [irrevocable] contributions (a) designations of net assets of a governmental or proprietary fund to be used for OPEB or (b) internal transfers of assets to a separate governmental or proprietary fund for the same purpose. Rather, such actions should be regarded as earmarking of employer assets."

Level Dollar Amortization - Funding a shortfall in OPEB assets with equal dollar payments over a designated number of years (no more than 30 years). The present value of the level payments equals the present value of unfunded liabilities, the UAAL.

Level Percent of Payroll Amortization - Funding a shortfall in OPEB assets as a level percent of payroll over a designated number of years (no more than 30 years). The present value of the payments equals the present value of unfunded liabilities, the UAAL. Level percent of payroll typically has lower payments in the early years than level dollar amortization. When using level payroll amortization, employee count is assumed to be constant, and the payroll differences arise from overall wage trends.

Normal Cost - The actuarially determined present value contribution needed to fund benefits which are earned for employee service rendered during the current year. Normal cost depends on many factors, including the interest rate used to discount future cashflows, and expected inflation.

OPEB - Other Post Employment Benefits

OPEB Trust - An entity other than a pension or retirement system which manages OPEB assets. In many respects it is similar to a pension fund for OPEB. For reasons detailed in GASB 45, contributions to an OPEB trust should be irrevocable in order to obtain the most favorable accounting treatment.

EXHIBIT E

GLOSSARY

(continued)

Pay-as-you-go funding - Paying benefits (such as pensions or OPEB) on a cash basis, with no money set aside for future liabilities which are already incurred.

POB - Pension Obligation Bond. Generally yielding taxable interest, POBs are issued to help fund a previously unfunded or underfunded pension liability.

UAAL - Unfunded Accrued Actuarial Liability. Actuarial Accrued Liability minus the Actuarial Value of Assets.